

1953

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CONGRESSIONAL RECORD - HOUSE

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Hunter Miller, N. Y. Secret  
Hyde Mollohan Seely-Brown  
Ikard Morano Seiden  
Jackson Morgan Shafer  
James Morrison Sheppard  
Jarman Moss Short  
Javits Multer Shuford  
Jenkins Mumma Sieminski  
Jensen Neal Sikes  
Johnson Nelson Simpson, Ill.  
Jonas, Ill. Nicholson Simpson, Pa.  
Jones, N. C. Norblad Small  
Jones, Mo. Oakman Smith, Kans.  
Jones, N. C. O'Brien, Ill. Smith, Miss.  
Judd O'Hara, Ill. Smith, Va.  
Karsten, Mo. O'Hara, Minn. Smith, Wis.  
Kean O'Neill Spence  
Kearney Osmers Springer  
Kearns Ostertag Stegers  
Keating Stanley Steed  
Kelley, Pa. Patman Stringfellow  
Kelly, N. Y. Patten Sullivan  
Keogh Pelly Sutton  
Kersten, Wis. Perkins Taber  
Kilburn Powell Taile  
Kilday Philbin Taylor  
King, Calif. Phillips Teague  
King, Pa. Pillion Thomas Thompson, La.  
Kirwan Klein Poage Thompson, Mich.  
Kluczynski Knox Polk Thompson, Tex.  
Krueger Laird Poulsouen Thorberry  
Landrum Lane Powell Tolleson  
Lane Lanham Priest Trimble  
Lanham Lantaff Radwan Utt  
Lantaff LeCompte Lesinski Ray Van Pelt  
Long Lovre Reams Van Zandt  
Lucas Lyle Reed, Ill. Veide  
McCarthy McConnell Rees, Kans. Vinson  
McCormack McCormick Regan  
McCulloch Rodino Rhodes, Pa.  
McDonough McIntire Richards Riehman  
McMillan Rivers Roberts  
McVey Robeson, Va. Robson, Ky.  
Machrowicz Mack, Ill. Rodino  
Mack, Wash. Rogers, Colo. Rogers, Fla.  
Madden Magnuson Rogers, Mass. Rogers, Tex.  
Mahon Mailliard Roosevelt Rooney  
Marshall Martin, Iowa Sadlak St. George  
Matthews Meader Saylor Schenck  
Meader Merrill Scherer Scott Scrivner  
Merrow Metcalf Miller, Calif. Miller, Md.  
Miller, Calif. Miller, Nebr. Miller, Mich.  
Miller, Nebr. Scudder

Mr. Harrison of Wyoming with Mr. Shelley.  
Mr. O'Konski with Mr. Moulder.  
Mr. Reece of Tennessee with Mr. Donohue.  
Mr. Stauffer with Mr. Fogarty.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

COMMITTEE ON SMALL BUSINESS

Mr. LATHAM. Mr. Speaker, I call up House Resolution 22, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That, effective January 3, 1953, there is hereby created a select committee to be composed of 11 Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made.

The committee is authorized and directed to conduct a study and investigation of the problems of small business, existing, arising, or that may arise, with particular reference to (1) whether the potentialities of small business are being adequately developed and, if not, what factors have hindered and are hindering the normal operation of established small business and/or its development and enterprise; (2) whether agencies, departments of the Government, or Government-owned or controlled corporations are properly, adequately, or equitably serving the needs of small business; (3) whether small business is being treated fairly and the public welfare properly and justly served through the allotments of valuable materials in which there are shortages, in the granting of priorities or preferences in the use, sale, or purchase of said materials; and (4) the solution of the problems of small business during the continuance of the existing national emergency.

The committee may from time to time submit to the House such preliminary reports as it deems advisable; and prior to the close of the present Congress shall submit to the House its final report on the results of its study and investigation, together with such recommendations as it deems advisable. Any report submitted when the House is not in session may be filed with the Clerk of the House.

For the purposes of this resolution the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any properly designated chairman of a subcommittee thereof, or any member designated by him, and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. Speaker, I do not think that this resolution requires any extended debate or discussion. It is merely an extension of the Small Business Select Committee of the House. The provisions are exactly the same as those that were written into

the law last year. I have no requests for time.

Mr. SMITH of Virginia. Mr. Speaker, as the gentleman from New York has so aptly said, this resolution merely extends the Small Business Committee that has been in operation in the last several Congresses.

I have no requests for time over here. I think the House is unanimously in favor of this committee. If the gentleman from New York desires to move the previous question, I yield back the balance of my time.

Mr. LATHAM. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Speaker, it gives me a great deal of pleasure to add my voice in support of House Resolution 22 reestablishing the Select Committee on Small Business of the House of Representatives. This committee, in my opinion, has performed outstanding service for the small businessmen of the United States. The work of the Small Business Committee on the materials problem alone would warrant its reestablishment by this House. In fact, the committee has not only rendered yeoman service in the solution of the problems of small business in the field of materials but has performed equal service in practically every phase of business activity. Whether the problem be one of securing a fair share of Government contracts, or whether it be financing, or whether it be an effort to secure equality of opportunity and basic justice in the problems of small business, the Small Business Committee has never faltered in its objective to render maximum service.

I would like to call the attention of this House to the work of the Small Business Committee in the field of economic controls set up under the Defense Production Act. The field hearings of the committee provided a forum for small-business men when no other competent forum was available. The Small Business Committee, I believe, held some thirty-odd hearings in every geographical section of our country. The hearings were informal and provided an atmosphere of friendliness and cooperation which the small-business man welcomed enthusiastically. Here he was able to tell of his problems in connection with price controls, wage controls, salary controls, materials controls, credit controls, or any other problem which impeded his progress in the business world. These hearings were not empty gestures. The committee came back to Washington and started to work on the problems presented at the hearings. I know first-hand that the record was carefully analyzed and that the problems were taken up with the appropriate agencies and that recommendations were made to the Congress, many of which were enacted into law. I know of this first-hand because of my many, many contacts with the committee, and I have been greatly pleased with the thorough and business-like manner in which the committee tackled the problems of small business.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Chiperfield with Mr. Cooley.  
Mr. McGregor with Mr. Riley.  
Mr. Vorys with Mr. Yates.  
Mr. Sheehan with Mr. O'Brien of New York.  
Mr. Dondero with Mr. Rabaut.  
Mr. Wolcott with Mr. Buckley.  
Mr. Vursell with Mr. Green.  
Mr. Ellsworth with Mrs. Kee.

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Now, may I inject a more personal equation into this statement. I have, as I know a majority of the Members of this House have also done, called upon the Small Business Committee for help on the individual problems of many of my small-business constituents. It has been a source of gratification to me to find that these individual problems received immediate and intelligent attention. In every instance when I have called upon the committee for assistance, it has been rendered cheerfully and with a degree of promptness that was most commendable. Moreover, in practically every instance a solution for the individual problem was found.

As I stated in the beginning of these remarks, Mr. Speaker, I am more than happy to add my voice in support of House Resolution 22. I wish the Select Committee on Small Business of the House of Representatives in the Eighty-third Congress every success. Many problems of small business are continuing ones and need the ever-watchful eye of this committee to secure the proper treatment for the small-business man everywhere. I have every confidence that the committee will accept its responsibilities and perform its duties in a manner which will reflect credit upon the entire membership of this House.

(Mr. CANFIELD asked and was given permission to revise and extend his remarks.)

Mr. LATHAM. Mr. Speaker, I yield such time as he desires to the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Speaker, the Select Committee on Small Business is primarily a service committee which cooperates with Members of Congress in solving individual problems of small business firms arising in the various districts. This program not only assists the members but enables the committee to secure a cross-section picture of the problems which affect all small business.

The Select Committee on Small Business, in its final report in the Eighty-second Congress, has stated the concept of small business and many of the problems confronting persons engaging in small business today. From that report I have extracted the following remarks—I am sure the membership of the House will find them interesting:

The great majority of American business firms are small. Excluding agriculture, the Bureau of Census estimated that there were at the close of 1951 a total of 3,991,200 business firms in operation in the United States. Of these, approximately 1,686,000 were in retail trade; 855,000 were in service industries; 366,000 were in construction; 349,000 were in finance, insurance, and real estate; 303,000 were in manufacturing; 204,000 were in wholesale trade; and the remainder were in mining, transportation, communications, and miscellaneous industries.

On the basis of 1939 figures, only 3.5 percent of the retail stores had annual sales in excess of \$100,000. More than half had sales below \$10,000. Over 1,600,000 units, 91 percent of the total, employed fewer than 100 persons. Only about 100,000 of these firms were incorporated.

In manufacturing, the distribution in 1947 of 240,881 firms according to number of employees was as follows:

TABLE 1.—Size of firms according to number of employees (1947)

Number of employees	Actual number		Percent of total	
	Number of establishments	Number of employees (000)	Number of establishments	Number of employees
1 to 4	70,384	161.0	29.2	1.1
5 to 9	46,622	310.9	19.4	2.2
10 to 19	40,645	561.9	16.9	3.9
20 to 49	40,016	1,243.8	16.6	8.7
50 to 99	18,672	1,300.8	7.8	9.1
100 to 249	14,323	2,228.7	5.9	15.6
250 to 499	5,555	1,929.9	2.3	13.5
500 to 999	2,729	1,869.4	1.1	13.1
1,000 to 2,499	1,431	2,146.1	.6	15.0
2,500 and-over	504	2,541.8	.2	17.8
Total	210,881	14,294.3	100.0	100.0

NOTE.—The number of employees shown is an average for the year.

Sources: Bureau of the Census; computations by the Conference Board.

It thus appears that only about 500 firms, two-tenths of 1 percent of the total, employ 2,500 or more persons. Only about 4,200 firms employ 500 or more. These constitute only about 2 percent of the total.

#### MILITARY PROCUREMENT

There is a strong tendency in a period of industrial mobilization for Government procurement to favor the large firm over the small. During World War II, 51 percent of all prime contracts went to 33 corporations, each of which received \$1,000,000,000 or more. The need for large physical resources, engineering skill, ability to experiment, and overall productive capacity encourages the utilization of the larger firms. Procurement officials follow the line of least resistance and concentrate the placing of contracts with a few large producers and allow the prime contractors to deal with the smaller concerns on a subcontracting basis. The larger concern is in addition much better equipped to handle negotiations with the Government than the small enterprise.

This tendency to utilize the large concern has many indirect effects that work to the hardship of small business. New plants are built and existing facilities expanded under especially favorable circumstances, frequently at Government expense. In World War II the 250 largest corporations operated 79 percent of all new plant facilities built with Federal funds and operated by private industry. The prime contractor is given first claim to scarce materials which he doles out to his subcontractors. Acquisition of new capital is facilitated by Government loans. Virtually every aspect of Government procurement during periods of defense mobilization imposes undue hardships on small business.

#### PRICE AND WAGE CONTROLS

The controls necessary to mobilize industry effectively also frequently place small business at a competitive disadvantage. It is very difficult to avoid leaving scars on our economy, the deepest of which appear on small business. Regulations such as those controlling prices, wages, and the utilization of scarce materials are themselves violative of the principles of free enterprise. The fact must never be forgotten that although they may be necessary for the safety of the country, they do mean a definite even though temporary departure from free competition. Unless great care is exercised in framing regulations, therefore, serious damage may be done to small business. Many instances can be cited to illustrate this. Numerous price regulations, for instance, have continued unfair trade practices in determining prices. The danger here is in perpetuating

what can become a serious threat to competition. Again, several price regulations have endorsed follow-the-leader practices. In fact, the general ceiling price regulation ties the price of a seller of new commodities to those of the most closely competitive seller. Several regulations have established ceilings on the basis of maintained resale prices. Unless price relationships are carefully adjusted, price squeezes appear at various stages of the productive process.

#### SCARCE MATERIALS

Likewise in the area of control of materials, the small firm is placed in jeopardy. The basic fact is that a free market in these materials ceases to exist once an elaborate scheme of control such as the Controlled Materials Plan is instituted. Furthermore, the practice of channeling many materials to subcontractors through prime contractors gives the latter the power of life or death over the small-business man who becomes dependent on his large prime contractor for the materials necessary to remain in operation. Unless checked, material controls generally encourage integrated operation, affiliations with large concerns, and favoritism in the placement of orders. All of these enhance the power of the large suppliers.

#### TAXATION

In normal times the typical small firm depends upon the savings of the owner for its inception and upon the earnings of the company for future development of the business. The impact of high tax rates on current business earnings has not only affected the operating position of the small concern with regard to the defense period, but may impair its future status. The high surtax on low levels of corporate earnings and the excess profits tax have hindered small concerns in their accumulation of sufficient funds from profits to finance working capital and investment requirements. In many ways the small business bears a greater tax burden than the large concern. While some recognition has been made in the tax laws of the financial difficulties of small business, additional revisions are needed to erase tax inequities and to remove the relatively large tax burden imposed on small enterprises.

#### SMALL BUSINESS AND THE COMPETITIVE SYSTEM

The essence of the American economic system of private enterprise is free competition. Only through competition can a free market, free investment opportunity, free entry into industry—in a word, free enterprise—survive. This has long been the basic principle of American governmental policy toward industry and was stated succinctly in a recent Supreme Court opinion, which said, "The heart of our national economic policy long has been faith in the value of competition." Competition is the basic regulator of economic activity and the only device that enables us to avoid complete governmental regimentation.

Small-business enterprise provides the most fertile soil in which healthy competition may flourish. Small and independent business supplies the strength and vigor so necessary to the growth of our competitive forces. There is no better assurance of our ability to maintain competition than a flourishing community of small and independent business enterprises. Any development which makes it more difficult for efficient small firms to survive strikes a blow at competition.

Just as small business provides a favorable economic climate for the development of healthy competition, so competition is the greatest safeguard for small business. Small business needs freedom of entry into new industries and occupations. It demands freedom to start and freedom to grow. It is dependent on personal initiative and the

individual judgment of its owner. It must be free of controlled prices and restrictive practices of all kinds.

#### LEGISLATION AFFECTING SMALL BUSINESS

As the role of Government becomes more and more intimately connected with the operation of American business, the importance of Federal agencies concerned with small business has proportionately increased. Today the Reconstruction Finance Corporation, the Small Defense Plants Administration, the National Production Authority, the Economic Stabilization Agency (OPS, WSB, SSB), the Defense Production Administration and the Munitions Board, among others, are affecting the operation of every small business, and especially so if a particular business deals with the Government in its tremendous procurement program.

Through the years the Congress has taken a direct and specific interest in small business and its problems, dating back to the earliest tariff laws and to such fundamental antitrust legislation as the Sherman Act of 1890. Over 80 bills were introduced in the Eighty-second Congress having a direct bearing on antitrust, monopoly, or small business. That this Congress saw fit to consider very few of the proposals presented to it, and to actually enact even fewer, does not necessarily indicate a disinterestedness on the part of Congress nor a lack of importance of the measures themselves. But it does indicate that many problems worthy of solution remain unsolved.

(Mr. HILL asked and was given permission to revise and extend his remarks.)

Mr. LATHAM. Mr. Speaker, I yield such time as he may desire to the gentleman from Colorado [Mr. CHENOWETH].

Mr. CHENOWETH. Mr. Speaker, I am happy to support the resolution continuing the Select Committee on Small Business. I feel that this committee in past years has done a good job and there is a definite need for its activities at the present time.

I am happy and proud to note that my distinguished colleague from Colorado [Mr. HILL] is to be the new chairman of this important committee. Mr. HILL has served on this committee for many years and has been a most active and prominent member. I am sure that under his able direction this committee will be of even more service to the small-business man of the country.

It should be obvious to everyone that the small-business man is in need of all of the assistance we can give him. During a period like this, when huge purchases are being made for our military services, it is natural that most of these purchases are made from large companies. It is much easier for a procurement officer to make a purchase from one company, than it is to buy the same amount from 10 small companies. However, in the interest of protecting the economy of our Nation, I feel that more attention should be given to the small concern so that he may participate in this program. I am hoping that the committee will give more study to this problem in the coming months, to the end that the smaller contractors and industrial plants may receive a greater share of the defense purchases.

(Mr. CHENOWETH asked and was given permission to revise and extend his remarks.)

Mr. GROSS: Mr. Speaker, I rise in support of the resolution.

According to latest official figures, 100 large, favored corporations have cornered 62 percent of the dollar value of all military contracts let in the continental United States.

At the tail end of this situation, small business is receiving only 19 to 24 percent of the dollar value of such military contracts.

These official figures document the virtual freeze-out of small business in recent years, and make clear the need for a watchdog committee in the interest not only of small business but of the taxpayers.

Look at Munitions Board Report 3-A. Here we see that an astounding average of about 80 percent of the dollar value of all military contracts are negotiated or cost-plus instead of let on a competitive basis. As I have said before in this House, how can the taxpayers obtain dollar-for-dollar value, much less any bargains, without competitive bidding?

If the House Select Committee on Small Business can channel into competitive bidding even one fair-sized contract, slated to be dished out on a juicy negotiated or cost-plus basis, it will save so much, over and above the cost of its existence under this resolution, that it will amount to a gilt-edge investment for the taxpayers.

Let us keep this committee in business, and, in so doing, provide at least an opportunity to derail some of these negotiated, cost-plus gravy trains which make hamburger out of small business and the taxpayers.

Mr. LATHAM. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 22, Eighty-third Congress, the Chair appoints as members of the Select Committee To Conduct a Study and Investigation of the Problems of Small Business the following Members of the House: Mr. HILL, Colorado, chairman; Mr. RIEHLMAN, New York; Mr. SEELY-BROWN, Connecticut; Mr. McCULLOCH, Ohio; Mr. SHEEHAN, Illinois; Mr. HOSMER, California; Mr. PATMAN, Texas; Mr. EVINS, Tennessee; Mr. MULTER, New York; Mr. YATES, Illinois; Mr. STEED, Oklahoma.

#### PROVIDING FOR AN UNDER SECRETARY OF STATE (FOR ADMINISTRATION)

Mr. SMITH of Wisconsin. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 243) to amend Public Law 73, Eighty-first Congress, first session (63 Stat. 111), to provide for an Under Secretary of State (for Administration).

The Clerk read the title of the bill.

Mr. HALLECK. Mr. Speaker, will the gentleman withhold his motion for a moment?

Mr. SMITH of Wisconsin. Yes.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, the matter that is before us is here under a unanimous-consent agreement entered into the other day for the consideration of the measure under the ordinary rules of the House. Unless there are Members who desire to make some remarks in respect to this bill, it occurs to me that, since the bill, as I understand, was unanimously reported by the Committee on Foreign Affairs, it could be passed under a unanimous-consent request for its immediate consideration.

Mr. SMITH of Wisconsin. I have no objection to that procedure. The bill was unanimously reported by the Committee on Foreign Affairs. It relates to the authorization of the appointment of an Under Secretary of State.

Mr. HALLECK. I see here the gentleman from South Carolina [Mr. RICHARDS], who I know is interested in the matter. He is the ranking Democrat of the committee. I wonder if he would express his wishes in respect to the matter. I would assume, of course, Mr. Speaker, that anyone desiring to extend his remarks in connection with this measure could extend them at this point in the RECORD.

- Mr. RICHARDS. I have no disposition to object to such a unanimous-consent request.

Mr. RAYBURN. Why does not the gentleman from Indiana make a unanimous-consent request that the bill be considered in the House as in the Committee of the Whole. That would obviate the rule matter, and anyone who desires to offer an amendment by way of striking out the last word would be able to do so in the House as in Committee of the Whole, and it would obviate general debate also.

Mr. HALLECK. May I say to the gentleman from Texas, if we adopted that procedure, although I take it there would be no objection if someone would object, then we would be faced with the necessity of keeping 218 Members here in order to maintain a quorum. If I put the unanimous-consent request, I take it that under a reservation of objection with respect thereto brief remarks might be made and extensions of remarks might be made if that be deemed desirable.

Mr. RICHARDS. Mr. Speaker, I just want to point out that there is no disposition on my part as ranking minority member of the Committee on Foreign Affairs to oppose this bill, but I do feel that the House should know what it is doing. I feel that the House should be informed as to the action taken by the Committee on Foreign Affairs and why our committee took that action because this is a pretty important matter. If there is any way under regular parliamentary procedure that I can call a few matters to the attention of the House without prolonging debate, I will certainly be willing to cooperate.

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Mr. SMITH of Wisconsin. Mr. Speaker, I renew my motion.

The SPEAKER. The question is on the motion of the gentleman from Wisconsin [Mr. SMITH].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 243) to amend Public Law 73, Eighty-first Congress, first session (63 Stat. 111), to provide for an Under Secretary of State (for Administration), with Mr. KEATING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SMITH of Wisconsin. Mr. Chairman, I will not take up much of the time of the Committee except to explain the bill briefly. This matter is before us in the form of a bill passed by the other body. It was passed by the Committee on Foreign Affairs with an amendment. This bill amends Public Law 73 of the Eighty-first Congress to authorize the appointment by the Secretary of State of an Under Secretary of State for Administration. There would be the Secretary of State, the Under Secretary, and then this additional Under Secretary. His responsibility would be comparable to a general manager of the Department. In other words, he would have jurisdiction over the personnel, and over the internal operations of the Department. The request for this additional Under Secretary comes as a result of a condition which has been recognized by the public over the years, namely, that there is need for a close look at the organization and operation of the State Department.

What the committee amendment does is merely to determine the line of succession. Policy matters will be handled by the Under Secretary—not the individual who will occupy this new position of Under Secretary for Administration.

Among the responsibilities of the new Under Secretary will be the review, evaluation, and operation of the loyalty and security programs. He will make a careful examination of the budget to assure that it is adequate but not excessive. He will assure the coordination of the Technical Cooperation Administration and the International Information Administration with related programs of the Department and with other agencies. The committee was unanimous in feeling that the Secretary of State ought to have this additional office. In these critical days it is necessary for the Secretary to be away about 50 percent of the time. In his absence the Under Secretary is called upon to act in his place. This second Under Secretary would not deal in matters of policy. His will be a purely administrative job.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. Does that mean now that there are only two Under Secretaries of State?

Mr. SMITH of Wisconsin. There is only one.

Mr. GROSS. And there would be one additional?

Mr. SMITH of Wisconsin. There would be one additional.

Mr. GROSS. How many Assistant Secretaries of State?

Mr. SMITH of Wisconsin. There are 10.

Mr. GROSS. It is here proposed to create another Under Secretary of State, to be paid \$17,500. How much more in clerical help will be asked to support this office?

Mr. SMITH of Wisconsin. No more. As a matter of fact, the office of Ambassador at Large which Mr. Jessup held has been abolished. That was a \$25,000 job. This position pays \$17,500, so that from a monetary standpoint we are saving money on this operation.

Mr. GROSS. So that by the creation of this job and by the elimination of the other job we would be saving the magnificent sum of \$5,000, approximately?

Mr. SMITH of Wisconsin. It is a saving.

Mr. GROSS. A very small saving.

Mr. SMITH of Wisconsin. I think this is a position that should be created to insure more efficient administration.

Mr. GROSS. I will say to the gentleman that I thought the Republican Party was out to eliminate a lot of jobs instead of creating jobs. As far as I am concerned, I am opposed to it.

Mr. SMITH of Wisconsin. May I remind the gentleman that the office is for 2 years, unless the Secretary determines that the job has been done before that.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from New York.

Mr. ROONEY. I would like to ask the gentleman whether or not this new employee at \$17,500 a year is to have a secretary or is he to work without one?

Mr. SMITH of Wisconsin. I suppose he is to have one.

Mr. ROONEY. How many?

Mr. SMITH of Wisconsin. I do not know.

Mr. ROONEY. Does not the gentleman realize that under the provisions of this pending legislation you are setting up a whole new echelon in the State Department, to do work that was formerly done by one man?

Mr. SMITH of Wisconsin. Unfortunately it was never done.

Mr. ROONEY. What was never done?

Mr. SMITH of Wisconsin. The Department is in a mess. We have heard all about this mess.

Mr. ROONEY. Well, the Department is now in the hands of the gentleman's party. We shall see what mess there is. But we are talking about setting up an entirely new echelon in the State Department. May I ask the gentleman whether or not this is pursuant to the recommendations of the Hoover Commission, or whether or not it is contrary to the recommendations made by the Hoover Commission.

Mr. SMITH of Wisconsin. I cannot answer that question because the matter was not discussed, but this does not call for more money. It is within the appropriations as they exist today.

Mr. ROONEY. The gentleman says the job does not call for more money?

You are not setting up a new job for \$17,500 a year without setting up a whole new echelon. The gentleman knows that.

Mr. SMITH of Wisconsin. The testimony we have had does not indicate that.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. Was not the testimony before our committee that the new Secretary said that the Secretaries were so harassed by administrative matters that they did not get a chance to study matters of organization, which is the first job we want to think about for efficiency. He asked for this man temporarily to go in there and take a fresh look at the Department. He was convinced that if this were done, we could reduce many operations of the Department. If personnel in the Department is to be reduced, an expert should be brought in to make a careful study, rather than depend on people who are involved in it to clean up themselves.

Mr. SMITH of Wisconsin. That is exactly right. Testimony before our committee showed that the Secretary was so absorbed in policy questions that he could not study administrative programs. That is the testimony on the part of the men who are presently in the Department.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. GROSS. Who is the expert who is supposed to be hired to fill this job?

Mr. SMITH of Wisconsin. I can only repeat from hearsay: A gentleman by the name of Lourie.

Mr. JUDD. Donald Lourie, president of the Quaker Oats Co., in the gentleman's own district.

Mr. GROSS. In my district, but does being president of the Quaker Oats Co. qualify him to be Under Secretary of State?

Mr. JUDD. No; but he has demonstrated the qualities to be a successful administrator of a large establishment.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. ROONEY. Will the gentleman assure the House that the filling of this new position by an officer from Quaker Oats is not going to require the employment of additional personnel in the Department of State to work under him?

Mr. SMITH of Wisconsin. I am going to leave that to the Appropriations Committee.

Mr. ROONEY. But the gentleman wants to authorize this man to have a desk at \$17,500 a year to do work that has been carried on by one man.

Mr. SMITH of Wisconsin. He will have the desk that Mr. Jessup had.

Mr. RICHARDS. Mr. Chairman, I want to say for the benefit of the committee that I intend to support this bill. I think the committee knows what it is doing. I have an idea that if this bill had come up last year you would have really heard something in this House. As a matter of fact, this bill does something for the new President and the new Secretary of State, both fine, patriotic

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